

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
12 75 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
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Example of Damage Caused by Schering AWP Inflation

Drug Name					
Ipratropium Bromide*/J Code-J7645					
NDC/ 49502-0685-03					
49502-0685-33					
49502-0685-60					
NDC/ 00054-8402-11					
00054-8402-13					
00054-8402-21					
00054-8404-11					
00054-8404-13					
00054-8404-21					
NDC/ 59930-1500-06					
59930-1500-08					
	Approximate Provider Cost	Medicare Reimburse- ment 95% of AWP	"Spread" Retained by Provider	Consumer Overcharge in Dollars	Consumer Percentage Overcharge
Cost per mg.	\$1.18	\$3.34			
Cost of typical monthly usage (250 mg per month)	\$59.00	\$167.00	\$108.00		
Medicare share 80%		\$133.60			
Consumer share 20%		\$33.40		\$21.60	283%

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Example of Damage Caused by Schering AWP Inflation on Albuterol

Drug Name					
Albuterol Sulfate* .083%/J Code-J7619					
NDC/ 49502-0697-03					
49502-0697-33					
49502-0697-60					
NDC/ 00054-8063-11					
00054-8063-13					
00054-8063-21					
NDC/ 59930-1517-01					
59930-1517-02					
59930-1517-06					
59930-1517-08					
	Approximate Provider Cost	Medicare Reimburse- ment 95% of AWP	"Spread" Retained by Provider	Consumer Overcharge in Dollars	Consumer Percentage Overcharge
Cost per mg.	\$0.09	\$0.47			
Cost of typical monthly usage (250 mg per month)	\$22.50	\$117.50	\$95.00		
Medicare share 80%		\$94.00			
Consumer share 20%		\$23.50		\$19.00	522%

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IMPACT OF INFLATION ON CHEMOTHERAPY COURSE

Drug Name	Mfr.	Dosage/ treatment x 4 treatment cycles	Estimated cost of treatment x 4 treatment cycles	AWP cost of treatment x 4 treatment cycles	Spread %	Spread in \$	Patient Co-pay based on wholesale prices	Patient Co-Pay based on AWP prices	Additional Co-pay created by inflated AWP
Adriamycin	BMS	480mg	\$1,062.60	\$2,649.91	59.9%	\$1,587.31	212.52	529.82	\$317.30
Cytosan		4,800mg	237.02	\$237.02	0%	\$0	47.04	47.04	\$0
Decadron (IV)		40mg	\$830.88	\$1097.10	14.8%	\$266.22	166.18	219.42	\$53.24
Anzemet (IV)	Aventis	400mg	\$591.08	\$666.00	11.25%	\$74.92	118.22	133.2	\$14.98
TOTAL			\$2,721.54	\$4,650.03		\$1,928.45	\$543.96	929.48	\$385.52

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Example of Overpayment Caused by GSK's Inflated AWP on Zofran

Drug Name					
Zofran Ondansetron Hydrochloride J2405 NDC/00173-0461-00					
	Approximate Provider Cost	Medicare Reimburse- ment (95% of AWP)	"Spread" Retained by Provider	Consumer Overcharge in Dollars	Consumer Percentage Overcharge Column
Cost per 32 MG	\$110.88	\$196.09			
Cost of typical monthly usage (2 treatments)	\$220.16	\$392.18	\$172.02		
Medicare share 80%		\$313.74			
Consumer share 20%		\$78.44		\$34.40	178%